Overdraft Fee Protections

Written by Mike Honda
Friday, 27 August 2010 14:57

Expanded consumer protections on rates, fees and limits

- **No retroactive interest rate hikes:** If your credit card company increases your interest rate, the new rate applies only to new charges. As long as you pay on time, your original interest rate will apply for the previous balance.

- **No interest rate increases for the first year:** If you pay your bill on time, your credit card company cannot increase your interest rate for the first 12 months after you open an account (unless you've agreed to an introductory or variable rate).

- **Customers must opt-in to over-the-limit fees**: Additionally, credit card companies can only charge over-the-limit fees once per billing cycle.

- **Protections for consumers under 21 years old**: If you are under 21, you will need to show you are able to make payments, or provide a co-signer, in order to open a credit card account.
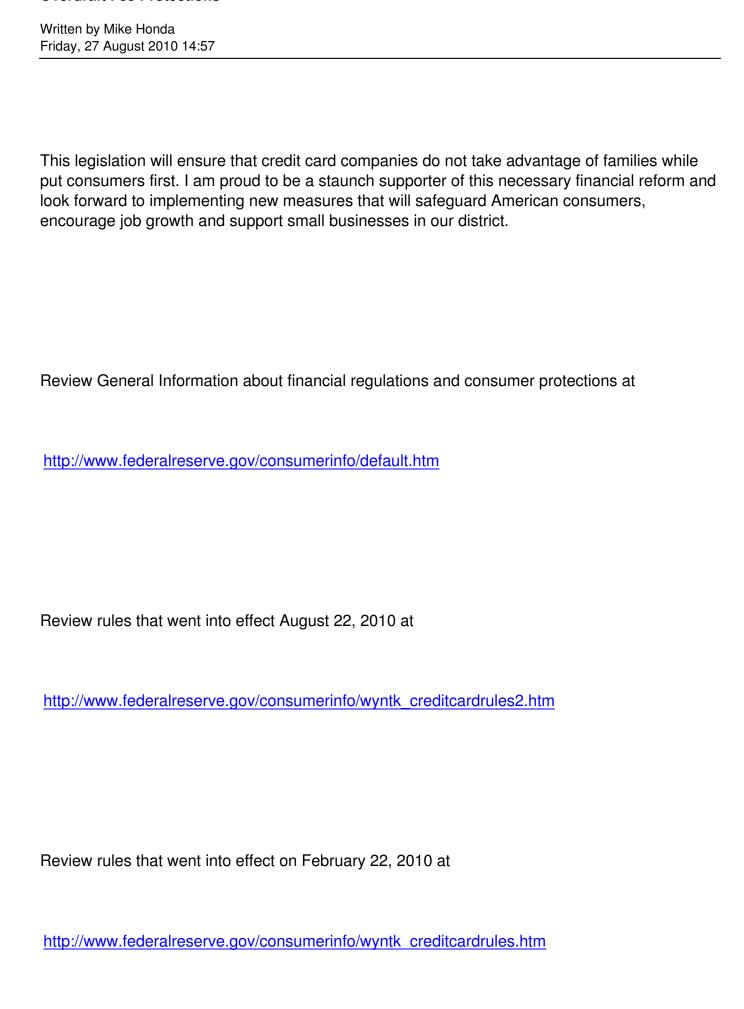
Fair disclosure requirements

- **45 day notification of rate changes:** Your credit card company must now provide you with 45 days of advance notice before increasing your interest rate on purchases going forward.
- **Clear disclosure of your balance repayment schedule:** Credit card bills must now include information on how long it would take to pay off your balance if you make only minimum payments. They must also show how much you would need to pay each month in order to pay off your balance in three years.

Changes to billing and payments

- **Standard payment dates and times**: Credit card companies must now mail or deliver your bill at least 21 days before your payment is due. Billing cut off times cannot be earlier than 5 p.m., and you will have until the following business day if the due date is on a holiday or weekend.
- **Payments over minimum now applied to highest interest rate balances**: While some credit card companies used to apply payments to your lowest interest rate balance, issuers must now apply the payment to your highest interest-rate balance first.

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This legislation will ensure that credit card companies do not take advantage of families while put consumers first. I am proud to be a staunch supporter of this necessary financial reform and look forward to implementing new measures that will safeguard American consumers, encourage job growth and support small businesses in our district.

Review General Information about financial regulations and consumer protections at

http://www.federalreserve.gov/consumerinfo/default.htm

Review rules that went into effect August 22, 2010 at

http://www.federalreserve.gov/consumerinfo/wyntk_creditcardrules2.htm

Review rules that went into effect on February 22, 2010 at

http://www.federalreserve.gov/consumerinfo/wyntk_creditcardrules.htm

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Learn more about how you can protect yourself at

http://www.federalreserve.gov/creditcard/

In order to file a complaint, you need to find your credit card company's Federal regulator. Start Here - http://www.ffiec.gov/consumercenter/default.aspx